

Message Text

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PAGE 01 PEKING 00056 100640Z
ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 SAJ-01 PM-04 NSC-05 SP-02 SS-15
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TO SECSTATE WASHDC 7043
INFO AMCONSUL HONG KONG
AMEMBASSY TOKYO
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USMISSION EC BRUSSELS

C O N F I D E N T I A L PEKING 56

E.O.11652: GDS
TAGS: ETRD ENRG US CH YO
SUBJECT: PRC-YUGOSLAVIA TRADE

REF: (A) PEKING 002 (B) HONG KONG 184 (NOTAL)

1. ACCORDING TO YUGOSLAV COMMERCIAL COUNSELOR BENEDEJCIC, PRC-YUGOSLAVIA TRADE FOR 1976 WAS BETWEEN US \$60-70 MILLION WITH THE BALANCE FAVORING THE PRC FOR THE FIRST TIME. THIS REPRESENTS, HE SAID, A SUBSTANTIAL INCREASE FROM THE \$30 MILLION TOTAL RECORDED IN 1975, ALTHOUGH IT IS A DECREASE FROM THE \$150 MILLION OF 1974. HE TOLD US THAT YUGOSLAVIA IS PRESENTLY CONSTRUCTING FOR THE PRC TWO 45,000 TON GENERAL CARGO VESSELS FOR DELIVERY THIS YEAR, WHILE THE SALE OF MARINE DIESEL ENGINES IS NOW UNDER DISCUSSION. (HE SAID THAT POLAND HAS RECENTLY CONCLUDED THE SALE OF MARINE ENGINES TO THE PRC.)

2. BENEDEJCIC MENTIONED THAT YUGOSLAVIA HAD ASKED FOR A MEETING IN DECEMBER OF THE YUGOSLAVIA-PRC MIXED ECONOMIC COMMISSION (WHICH FIRST MET IN MARCH 1976) BUT THE PRC RESPONDED THAT IT WOULD NOT BE READY TO
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MEET UNTIL FEBRUARY OR MARCH. ACCORDING TO BENEDEJCIC, THE EASTERN EUROPEAN COUNTRIES AND THE USSR HAVE ALSO BEEN TOLD BY THE PRC THAT NEGOTIATIONS FOR THE ANNUAL TRADE PROTOCOLS WOULD NOT BEGIN UNTIL FEBRUARY OR LATER. THE EXCEPTIONS ARE ALBANIA, WHICH CONCLUDED ITS PROTOCOL IN DECEMBER, AND ROMANIA, WHICH IS NOW

HOLDING DISCUSSIONS.

3. BENEDEJCIC EXPLAINED THAT THE TRADE DISCUSSIONS HELD BY THE MIXED ECONOMIC COMMISSION DIFFER FROM THE TRADE PROTOCOLS BETWEEN THE PRC AND EASTERN EUROPEAN COUNTRIES IN THAT THE PRODUCTS AND QUANTITIES LISTED ARE "INDICATIVE" ONLY; THE LEVEL OF TRADE DEPENDS ON ACTUAL CONTRACTS SIGNED DURING THE YEAR. TRADE IS NOT BALANCED ON A YEARLY BASIS AS IN OTHER PRC-EAST EUROPEAN TRADE AGREEMENTS.

4. BENEDEJCIC ASKED US IF THE US PLANS TO BUY CHINESE CRUDE OIL. WE SAID THAT ALTHOUGH SEVERAL COMPANIES HAD BEEN INTERESTED SOME TIME AGO, WE KNOW OF NO PRESENT PLANS FOR THE PURCHASE OF PRC OIL. BENEDEJCIC RESPONDED THAT HE HAD HEARD A REPORT THAT US COMPANIES WOULD BE BUYING CHINESE CRUDE AND THAT IT WOULD BE TRANSSHIPPED (BUT NOT REFINED) IN YUGOSLAVIA. HE PROFESSED NOT TO KNOW THE ORIGIN OF THE REPORT NOR DID HE HAVE ANY ADDITIONAL DETAILS. (COMMENT. WE DO NOT KNOW WHAT LED BENEDEJCIC TO THINK US MIGHT BUY PRC OIL. HOWEVER, REPORTED PRC APPROACH TO US OIL COMPANY (REFTEL B, RECEIVED AFTER OUR CONVERSATION) MAY BE ONE CLUE.
GATES

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NNN

*** Current Handling Restrictions *** n/a

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